

SENATE BILL REPORT

HB 1264

As Reported by Senate Committee On:
Judiciary, March 18, 2009

Title: An act relating to creation and registration of entities formed by public agencies.

Brief Description: Regarding the creation and registration of entities formed by public agencies.

Sponsors: Representatives Springer, Rodne and Eddy.

Brief History: Passed House: 2/23/09, 96-1.

Committee Activity: Judiciary: 3/18/09 [DP].

SENATE COMMITTEE ON JUDICIARY

Majority Report: Do pass.

Signed by Senators Kline, Chair; Regala, Vice Chair; McCaslin, Ranking Minority Member; Kohl-Welles and Roach.

Staff: Kim Johnson (786-7472)

Background: Business Entity Registration. Statutes governing the formation and operation of business entities, including nonprofit corporations, partnerships, and limited liability companies, require those entities to designate and maintain a registered agent. The registered agent is an agent of the entity for the purposes of receiving service of process or other notices on behalf of the entity. Generally, a registered agent may be an individual resident of Washington, a domestic corporation or nonprofit corporation, or a foreign corporation or nonprofit corporation authorized to do business in Washington.

Interlocal Cooperation Act. The Interlocal Cooperation Act allows public agencies to enter into agreements with one another for joint or cooperative action. Public agencies that enter into joint agreements may create a separate legal entity, such as a nonprofit corporation or a partnership, to carry out the purposes of agreement. In a 2008 act relating to the procurement of renewable resources, the Legislature amended the Interlocal Cooperation Act to allow public agencies to form limited liability companies to carry out their joint agreements.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Summary of Bill: Various business entity statutes are amended to allow a governmental body to serve as the registered agent for the entity. These entities include partnerships, nonprofit corporations, and limited liability companies.

The provision of the Interlocal Cooperation Act that allows public agencies to enter into joint agreements and create a separate legal entity to carry out the purposes of the agreement (RCW 39.34.030) is reenacted without amendment.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: Reenacts a section of the Interlocal Cooperation Act that was amended last year but there were title/subject issues with that bill and this would clean that up. The language added last year allows local governments to enter into LLC.

Governments, in particularly cities, have created entities to take advantage of federal tax credit programs such as low-income housing credits or new market tax credits. The most efficient way to organize an entity to take advantage of the federal programs is LLCs. There were a couple of instances during this interim where local governments tried to do this and register as the "registered agent" for the LLC with the Secretary of State's Office. According to the Secretary of State's Office, that while local governments can form an LLC, governmental bodies are not listed in statute as of one the entities that can serve as a registered agent. Interestingly, a company can serve as a registered agent, but a governmental body cannot.

Persons Testifying: PRO: Representative Springer, prime sponsor; Hugh Spitzer, AWC.